

North Dakota REV-E-NEWS



Pam Sharp, Director

September 2017

**OFFICE OF MANAGEMENT AND BUDGET
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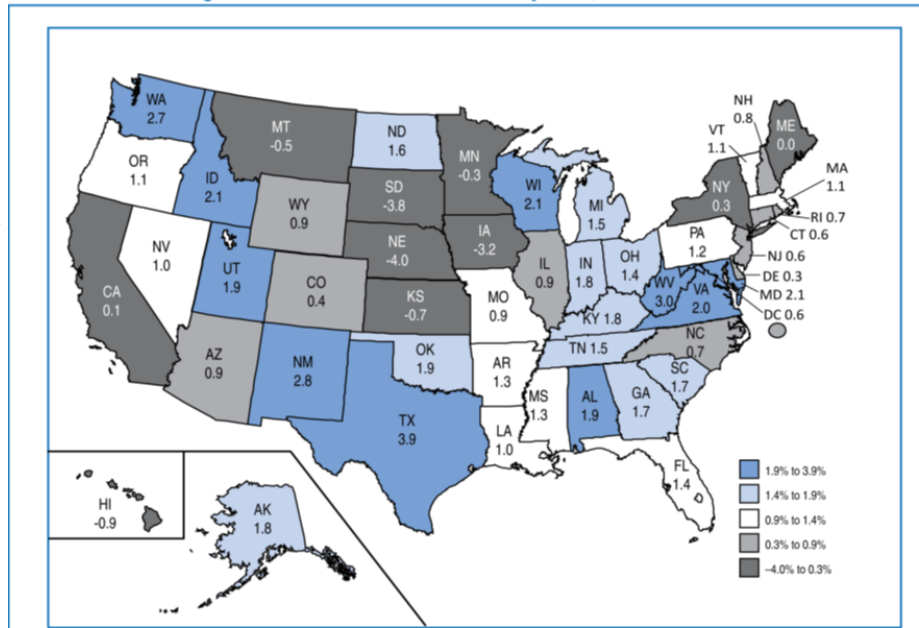
MESSAGE FROM THE DIRECTOR

The U.S. Bureau of Economic Analysis (BEA) has released its report on gross domestic product (GDP) by state comparing the first quarter of 2017 to the fourth quarter of 2016. Calling GDP the “most comprehensive measure of economic activity in states”, the BEA report shows that real GDP has increased in 43 states and the District of Columbia. North Dakota GDP for all industries, private and government, grew by 1.6 percent at an annualized rate, while its three neighboring states saw negative growth of 0.3

try groups saw decreases in North Dakota compared to nine groups nationally. Not surprisingly, the largest area of decline, both nationally (-39.8 percent) and in North Dakota (-40.4 percent), was in the agriculture, forestry, fishing and hunting category.

A comparison of the first quarter to second quarter of 2017 will be available later this year. Preliminary estimates indicate the second quarter growth for the nation will be 3.0 percent.

Chart 1. Percent Change in Real Gross Domestic Product by State, 2016:IV–2017:I



U.S. Bureau of Economic Analysis

Nationally, 12 of the 21 private industry groups led to the overall growth in real GDP. In North Dakota 14 private industry groups saw increases. Leading the way in growth for North Dakota was mining with a 16.9 percent growth rate, compared to 21.6 percent at the national level. Other areas with significant growth for North Dakota were information (10.9 percent), transportation and warehousing (8.1 percent), and administrative and waste management services (7.3 percent). Seven private indus-

OIL ACTIVITY



Statistical Information

	July 2017	June 2017	May 2017
Actual average price per barrel	\$40.98	\$39.39	\$42.80
Production (barrels/day)	1,047,526	1,032,873	1,040,995
Drilling permits	146	109	100
Producing wells	13,981	13,926	13,885
Rig count	58	55	50

Tax Allocations (in Millions)

	Biennium to Date Aug 31, 2017
Political Subs	\$ 19.6
Tribes	12.1
Legacy Fund	31.8
General Fund	31.5
Education Funds	8.8
Resources Trust Fund	8.5
Oil and Gas Impact Fund	3.4
Tax Relief Fund	0.0
Other Allocations	2.4
Total	\$118.1

STATEMENT OF GENERAL FUND REVENUES AND FORECASTS
Compared to the Legislative Forecast
2017-19 Biennium
August 2017

Revenues and Transfers	Fiscal Month				Biennium To Date			
	May 2017 Leg. Forecast	Actual	Variance	Percent	May 2017 Leg. Forecast	Actual	Variance	Percent
Sales Tax	65,762,000	70,252,245	4,490,245	6.8%	146,829,000	150,509,096	3,680,096	2.5%
Motor Vehicle Excise Tax	9,783,000	9,211,126	(571,874)	-5.8%	19,277,000	20,427,623	1,150,623	6.0%
Individual Income Tax	8,190,000	11,614,420	3,424,420	41.8%	62,637,000	65,291,686	2,654,686	4.2%
Corporate Income Tax		393,271	393,271			916,513	916,513	
Insurance Premium Tax	4,734,748	5,169,212	434,464	9%	4,734,748	5,178,791	444,043	9.4%
Oil & Gas Production Tax	14,428,375	14,428,375			14,428,375	14,428,375		
Oil Extraction Tax	17,101,261	17,101,261			17,101,261	17,101,261		
Gaming Tax	477,546	364,128	(113,418)	-23.8%	763,601	640,610	(122,991)	-16.1%
Lottery								
Cigarette & Tobacco Tax	2,428,000	2,384,422	(43,578)	-1.8%	4,834,000	4,936,443	102,443	2.1%
Wholesale Liquor Tax	738,314	727,199	(11,115)	-1.5%	1,471,469	1,639,997	168,528	11.5%
Coal Conversion Tax	1,666,000	1,485,523	(180,477)	-10.8%	1,666,000	1,485,523	(180,477)	-10.8%
Mineral Leasing Fees	1,469,814	1,092,073	(377,741)	-25.7%	2,304,408	2,333,045	28,637	1.2%
Departmental Collections	1,717,381	2,497,139	779,758	45.4%	3,560,462	3,628,890	68,428	1.9%
Interest Income	248,500	204,823	(43,677)	-17.6%	362,500	264,619	(97,881)	-27.0%
State Mill & Elevator-Transfer								
Bank of North Dakota - Transfer								
Legacy Fund - Transfer								
Tax Relief Fund - Transfer					183,000,000	183,000,000		
SIIF - Transfer					124,000,000	124,000,000		
Gas Tax Administration					252,015	252,015		
Miscellaneous	475,000	650,260	175,260	36.9%	29,475,000	29,651,432	176,432	0.6%
Total Revenues and Transfers	129,219,938	137,575,477	8,355,538	6.5%	616,696,838	625,685,919	8,989,080	1.5%

STATEMENT OF GENERAL FUND REVENUES AND FORECASTS
Compared to the Previous Biennium Revenues
2017-19 Biennium
August 2017

Revenues and Transfers	Fiscal Month				Biennium To Date			
	August 2015	August 2017	Variance	Percent	2015-17	2017-19	Variance	Percent
Sales Tax	89,911,576	70,252,245	(19,659,332)	-21.9%	194,440,629	150,509,096	(43,931,533)	-22.6%
Motor Vehicle Excise Tax	10,199,245	9,211,126	(988,119)	-9.7%	20,807,844	20,427,623	(380,221)	-1.8%
Individual Income Tax	7,729,714	11,614,420	3,884,706	50.3%	74,248,606	65,291,686	(8,956,920)	-12.1%
Corporate Income Tax	882,998	393,271	(489,727)	-55.5%	1,791,522	916,513	(875,009)	-48.8%
Insurance Premium Tax	4,749,067	5,169,212	420,145	9%	4,749,067	5,178,791	429,724	9.0%
Financial Institutions Tax					26,670		(26,670)	-100.0%
Oil & Gas Production Tax	38,066,844	14,428,375	(23,638,469)	-62.1%	38,066,844	14,428,375	(23,638,469)	-62.1%
Oil Extraction Tax	28,386,465	17,101,261	(11,285,204)	-39.8%	28,386,465	17,101,261	(11,285,204)	-39.8%
Gaming Tax	435,546	364,128	(71,418)	-16.4%	706,601	640,610	(65,991)	-9.3%
Lottery								
Cigarette & Tobacco Tax	2,716,838	2,384,422	(332,416)	-12.2%	5,517,218	4,936,443	(580,775)	-10.5%
Wholesale Liquor Tax	764,815	727,199	(37,616)	-4.9%	1,757,471	1,639,997	(117,474)	-6.7%
Coal Conversion Tax	2,106,291	1,485,523	(620,768)	-29.5%	2,106,291	1,485,523	(620,768)	-29.5%
Mineral Leasing Fees	1,316,814	1,092,073	(224,740)	-17.1%	2,101,408	2,333,045	231,637	11.0%
Departmental Collections	1,882,386	2,497,139	614,753	32.7%	3,032,635	3,628,890	596,255	19.7%
Interest Income	236,199	204,823	(31,375)	-13.3%	380,351	264,619	(115,732)	-30.4%
State Mill & Elevator-Transfer								
Major Special Fund Transfers					657,000,000	307,000,000	(350,000,000)	-53.3%
Other Transfers		650,260	650,260		253,812	29,903,447	29,649,635	11681.7%
Total Revenues and Transfers	189,384,797	137,575,477	(51,809,321)	-27.4%	1,035,373,433	625,685,919	(409,687,514)	-39.6%

VARIANCES (Compared to 2017 Legislative Forecast)

August 2017 revenues totaled \$137.6 million, which is \$8.4 million, or 6.5 percent above forecast. Biennium-to-date revenues of \$625.7 million are \$9.0 million, or 1.5 percent, more than projected. When transfers from major special funds are excluded, 2017-19 revenues to date are tracking 15.8 percent behind the same time period in the 2015-17 biennium. Significant monthly variances are as follows:

- **Sales tax** collections of \$70.3 million were \$4.5 million, or 6.8 percent, higher than anticipated for the month. Biennium-to-date revenues are 2.5 percent higher than forecast. In a year over year comparison, biennium-to-date revenues are 22.6 percent less than the same time period in Fiscal Year 2016 but only 5.1 percent less than the same time period in Fiscal Year 2017.

- **Individual income tax** collections of \$11.6 million were \$3.4 million, or 41.8 percent above forecast, due to strong withholding. Biennium-to-date collections of \$65.3 million are \$2.7 million, or 4.2 percent higher than forecast and \$9.0 million, or 12.1 percent, less than the same time period in the 2015-17 biennium.
- **Oil and gas taxes** were \$2.8 million lower than the monthly forecast due to low oil prices. However, for purposes of this report, oil tax forecast amounts are shown as being equal to actual collections. For the biennium in total, the general fund share of oil taxes is limited to no more than \$400.0 million. Monthly variances affect the time frame during which the general fund receives its share of oil taxes, but does not impact the total biennial collections.